

## HISTORICAL NOTES

### Mergers in the publishing industry

The blockbuster mergers and acquisitions of recent years have changed the landscape of the publishing industry. In the library community, they have raised concerns about the growing concentration of ownership of journals in a few large companies and the potential impact on subscription prices. While the pace and size of transactions have increased, library and publishing literature since the 1960s has examined mergers and worried about the effect on the structure of the publishing industry and the number and quality of titles published.

Jim Milliot, who chronicles acquisitions for *Publishers Weekly*, describes the large size and market share presently controlled by the major publishers in the different industry segments. In the professional segment, three companies dominate, with a growing gulf between their revenues and those of the other companies. The purchase of Harcourt General by Reed Elsevier, which is pending at this writing, accentuates this trend [1]. The resulting union—with the addition of the science, technical, and medical (STM) division of Harcourt—would control more than 1,500 journals, calculated to include 34% of the mainstream biomedical journals tracked by ISI [2]. Librarians are urging government antitrust regulators to block the merger [3].

Merger and acquisition activity, which concentrates the power to set prices in fewer hands, may be a factor in journal pricing. According to Duane Webster of the Association of Research Libraries, the number of major biomedical publishers has shrunk from thirteen to eight in the last two years. He says consolidation has allowed publishers to increase subscription prices significantly, resulting in research libraries reducing the number of their

subscriptions by 6% between 1986 and 1999 while spending 170% more on titles [4]. Research by Mark McCabe on economic behavior of academic publishers and libraries finds that the Pergamon/Elsevier and Lippincott/Kluwer mergers are associated with substantial price increases for biomedical journal titles, due solely or in part to increased market power [5].

Mary Munroe urges librarians to use information about marketplace activity to anticipate trends and tailor strategies, rather than point with disapproval to mergers and acquisitions. In the 1980s, companies began to merge to help them face competition rising out of new channels for information and to move into international markets. The pace accelerated in the 1990s. Munroe identifies sixty merger and acquisition events in the years of 1998 and 1999, with more than \$20 billion spent by companies to buy other companies. Companies merge in order to broaden product offerings, control a niche in the market, achieve economies of scale, and increase market share [6]. The ability to influence the choice of electronic platforms for journals through electronic journal market share is also cited as an incentive to merge [7].

In another approach, the Scholarly Publishing and Academic Resources Coalition (SPARC) encourages competition in the scholarly communications market. Through its programs, it promotes entry into the STM field and reduces risk to publishers, by introducing alternative communication outlets and guaranteeing a subscription base [8].

The terminology used to index articles about publishing reveals trends in topics and interest on the part of librarians. *Library Literature* added a "Publishers and libraries"

subject heading in 1952–1954. In 1958–1960, "Periodicals" was subdivided by "Prices." The first use of "Acquisitions and mergers" in "Publishers and publishing" occurred in 1981.

In perhaps the earliest analysis of publishing mergers in the library literature, Elin Christianson looked back from the vantage point of 1972 [9]. Publishing houses followed the general trend of business growth in evolving from sole proprietorships to partnerships to corporations. Mergers and acquisitions were early methods of survival and expansion. A period of expansion in the industry following World War II—fueled by demographics, information technology, and federal financing of education—required a great increase in working capital. Mergers aimed to raise this capital, expand existing lines, and diversify into new or related areas. In the 1958 to 1970 period, the corporate structure of the major book publishing houses changed from privately owned independent firms to both privately and publicly held independent companies and to publishers owned by other companies. Eighteen percent of the mergers in the period were with companies engaged in other fields such as magazine or newspaper publishing, broadcasting, and electronics [10]. Although the size of the major publishers had clearly increased, Christianson found it was too soon to know whether the number of publishers would decrease, whether large publishers or outside companies would command more of the market, or whether pursuit of bigger profits would lower literary values [11].

By the beginning of the 1960s, mergers were common enough that *Literary Market Place* began publishing annual summaries [12]. *Library Journal* in 1960 allayed apprehen-

sions over the future of the small and medium-sized publishing houses. It pointed to the equalizer provided by the library market and the lack of evidence of any decrease in the number of titles or publishers [13]. A publisher found that larger companies were more able to shape their products and markets with ample financing but that smaller, independent firms were vigorous and that market-oriented publishing had given author-oriented publishing new resources [14].

Another perspective emerged. In 1970, *Business Week* described the "epidemic" of mergers and public ownership.

With the big fish swallowing the little fish, the book business is becoming increasingly competitive and brutal. It is evolving into an industry of giants and dwarfs with middle-size companies a vanishing species. Financially oriented executives are taking over where traditionalist genteel editors used to hold sway. [15]

The regular item on mergers and acquisitions in the *ALA Yearbook* reported in 1978 the Authors Guild of America's view that publishing mergers represented a threat to free expression by reducing outlets for authors and the number of titles published. The Association of American Publishers (AAP) responded that the number of firms had increased by 25% and the number of titles published by 200% in the prior twenty years [16]. AAP

reiterated in 1982 that the growth in the number of publishers "is our best assurance that the critical balance of corporate size and type still exists in publishing" and that Congressional Research Service and other studies found the book publishing industry was not particularly concentrated [17]. Publishers still point to the large number of publishers as proof that the playing field is wide open, although the number of vendors has decreased due to consolidation. Libraries themselves are collaborating with one another to purchase through consortia [18].

The review of the literature demonstrates that librarians have viewed publishers as both partners and, at times, adversaries. The change created by mergers emphasizes the need for librarians to remain knowledgeable about their economic environment and participate in solutions that provide optimal access to information.

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